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US OFFICIALS ONLYControl No. 447748
1 March 1954

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MEMORANDUM FOR: IWG Members
Mr. Spencer M. Beresford
Mr. Douglass G. CosterSUBJECT : Clearance for:
25X1A2g [] date of information 5 February 1954
[] date of information 20 January 1954

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1. Enclosed herewith are copies of the subject communications, which may concern the same transaction. Permission has been granted to disseminate further these communications as follows:

25X1A2g a. [] to FOA/MDAC/Washington, USRO/Paris and to posts at Santiago, Bern, Bonn and London FOR INFORMATION ONLY, classified SECRET/US OFFICIALS ONLY.

25X1A2g b. [] to FOA/MDAC/Washington, USRO/Paris and to Embassy/London, FOR INFORMATION ONLY, classified SECRET/US OFFICIALS ONLY; to posts at Santiago, Bern, Bonn, Berlin, Buenos Aires, and Brussels FOR ACTION, classified SECRET.

2. The following name information may be of interest:

a. The WELLINGTON TRUST LTD., Empire House, 175 Piccadilly, London W.1, has been reported as involved in several copper deals for the Bloc. The firm's German agent, A. B. SCHMITT of Berlin - Charlottenburg 2, Kantstrasse 22, wrote to IMPEXMETAL of Poland on 13 June 1953 confirming a contract for 5000 tons of electrolytic copper wirebars between the home office and the addressee (Bonn D-290, 22 July 1953). Another, or possibly the same deal of 5000 tons is reported in Bern D-7, 2 July 1953. The firm was also implicated in the diversion from the Netherlands to Poland of 500 tons of copper originally destined for Switzerland (see Bern D-499 and 560, 3 Dec and 15 Dec 53)

b. Among the firms with which Wellington Trust has been associated are LIEBERT & CIE, Kreuzlinger, Switzerland and ARBITRAGE AND FINANZ A.G. of Basle, Switzerland. Both of these firms have appeared many times in reports of East/West transactions.

c. The RODOCANACHI Bank of London was established in 1860. Two partners are listed, Albert LORIA and William Leslie BUNDEY. Correspondent banks listed are the Bank of England, WESTMINSTER BANK and the CHASE NATIONAL BANK OF New York. The Westminster Bank, reported a number of times as participant in East/West transactions, is also mentioned in Bern D-7.

d. The EXPANSION FIRM and J.M.A. STERENS are new names to this office.

State Dept. declassification & release instructions on file

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3. The following comments may be pertinent:

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a. The price of the copper reported in [] approximately \$800 a ton, is considerably higher than the current market price of approximately \$650 per ton f.o.b. New York, even assuming the high price is cif Rostock. (It is assumed that amounts reported are in metric tons)

b. The amount of the Chilean copper stockpile is currently estimated to be approximately 150,000 metric tons. Of this, about 90,000 tons are reported to be in the United States. Title to the copper is in the name of the Banco Centrale, to which the companies have sold their production since May 1952. Actually the companies have continued to make the sales, retaining the basic price of 24.5 cents per pound (the sale price to the Banco Centrale) and transferring the over-price to the account of the Bank. Santiago D-490, 16 Dec 53 reported the ruling that the Banco Centrale could contract with the American companies for sale of stocks in the US at the .30 price only if replacements were made from current production, thus gradually transferring the location of all the unsold inventories to Chile.

c. All copper in the United States, including that in bond, is under export control.

d. In view of points b and c and the apparent contradictions in the two communications, is it possible that the amounts reportedly to be shipped from the New York stockpile are actually to be shipped from Chile, with a corresponding amount released for sale in the United States? Chile produces some electrolytic copper locally; over a period of time it should be possible to produce sufficient quantities for successive 5000 ton installments.

4. Suggestions for the development of further intelligence.

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a. [] for information on Sierens and his firm, including a WTD.

b. Determination of current location and amount of Chilean-owned stockpile in the US.

c. Survey of withdrawals from the stockpile since November 1, including information on type of copper, amount, sale price, consignee, destination.

d. A continuing survey until stockpile is disposed of.

e. Check of applications for export licenses for shipment of large amounts of copper (5000 tons and up to European ports - since November 1 and on a continuing basis unless such information can be determined in the surveys suggested in items c and d.

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5. It is requested that this Agency be advised of use of the foregoing information by the addressees of this memorandum.



Executive Secretary
Intelligence Working Group

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Enclosures (2)

As listed above

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